

# 2024 Interim Report

Hyfusin Group Holdings Limited  
凱富善集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code : 8512



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*This report, for which the directors (the “**Directors**”) of Hyfusin Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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## CORPORATE INFORMATION

### Board of Directors

### Executive Directors

Mr. Wong Wai Chit (*Chairman*)

Mr. Wong Man Chit (*Chief Executive Officer*)

### Independent Non-executive Directors

Mr. Chan Cheong Tat

Mr. Ho Chi Wai

Mr. Chu Kin Wang, Peleus

### Audit committee

Mr. Chan Cheong Tat (*Chairman*)

Mr. Ho Chi Wai

Mr. Chu Kin Wang, Peleus

### Remuneration committee

Mr. Chu Kin Wang, Peleus (*Chairman*)

Mr. Chan Cheong Tat

Mr. Ho Chi Wai

### Nomination committee

Mr. Ho Chi Wai (*Chairman*)

Mr. Chan Cheong Tat

Mr. Chu Kin Wang, Peleus

### Company secretary

Ms. Leung Shui Bing

### Authorized representatives

Mr. Wong Wai Chit

Ms. Leung Shui Bing

### Compliance officer

Mr. Wong Wai Chit

### Registered office

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

**CORPORATE INFORMATION (CONTINUED)****Headquarters and principal place of business in Hong Kong**

Unit Nos.4–8, 2/F  
Aberdeen Marina Tower  
8 Shum Wan Road  
Aberdeen  
Hong Kong

**Company's website address**

<http://www.hyfusingroup.com>

**Principal share registrar and transfer office**

**Ocorian Trust (Cayman) Limited**  
Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

**Hong Kong branch share registrar and transfer office**

**Union Registrars Limited**  
Suites 3301–04, 33/F  
Two Chinachem Exchange Square  
338 King's Road, North Point  
Hong Kong

**CORPORATE INFORMATION (CONTINUED)****Principal bankers****Shanghai Commercial Bank Limited**

Shanghai Commercial Bank Tower  
12 Queen's Road Central  
Hong Kong

**DBS Bank (Hong Kong) Limited**

16/F, The Center  
99 Queen's Road, Central  
Hong Kong

**Shinhan Bank Vietnam**

Floor 9, Sonadezi Tower  
No.1, 1 Street, Bion Hoa IZ1  
Bien Hoa, Dong Nai  
Vietnam

**Public Bank Vietnam**

251 Pham Van Thuan Street  
Tan Mai Ward, Bien Hoa City, Dong Nai  
Vietnam

**Compliance Adviser****TC Capital International Limited**

Suite 3508, 35/F, Tower 6  
The Gateway, Harbour City  
9 Canton Road, Tsim Sha Tsui  
Kowloon, Hong Kong

**Auditor****BDO Limited**

25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

	Notes	Six months ended	
		30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>406,237</b>	371,344
Cost of sales		<b>(238,441)</b>	(234,510)
<b>Gross profit</b>		<b>167,796</b>	136,834
Other income	4	<b>6,743</b>	2,748
Other gains	5	<b>28,972</b>	448
Selling and distribution expenses		<b>(18,726)</b>	(12,503)
Administrative expenses		<b>(72,712)</b>	(50,717)
Finance costs	6	<b>(5,015)</b>	(4,244)
Profit before income tax expense	8	<b>107,058</b>	72,566
Income tax expense	7	<b>(12,506)</b>	(13,043)
<b>Profit for the period attributable to the owners of the Company</b>		<b>94,552</b>	59,523
<b>Other comprehensive income (expense) for the period</b>			
Items that may be classified subsequently to profit or loss:			
Fair value (loss) gain on debt instruments measured at fair value through other comprehensive income		<b>(34)</b>	22
		<b>(34)</b>	22
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<b>94,518</b>	59,545
Earnings per share			
Basic and diluted ( <i>HK cents</i> )	11	<b>9.15</b>	5.41

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	131,587	90,944
Right-of-use assets		48,474	50,420
Deposits for the acquisition of property, plant and equipment		9,005	6,689
Debt instruments at fair value through other comprehensive income		888	921
Financial asset at fair value through profit or loss		3,185	3,165
Deferred tax assets		1,727	2,020
Pledged bank deposits	15	18,477	19,346
<b>Total non-current assets</b>		<b>213,343</b>	173,505
<b>CURRENT ASSETS</b>			
Inventories	13	131,061	102,503
Trade and other receivables	14	187,772	74,138
Bank balances and cash	15	234,616	336,772
<b>Total current assets</b>		<b>553,449</b>	513,413
<b>Total assets</b>		<b>766,792</b>	686,918
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	142,896	92,285
Contract liabilities	17	2	2
Provision	18	11,640	52,994
Bank borrowings	19	4,681	6,338
Lease liabilities		1,771	2,873
Tax payable		25,444	17,511
<b>Total current liabilities</b>		<b>186,434</b>	172,003
<b>NET CURRENT ASSETS</b>		<b>367,015</b>	341,410
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>580,358</b>	514,915



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

As at 30 June 2024

	Notes	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings	19	9,907	8,669
Lease liabilities		179	483
Other non-current liabilities		184	193
<b>Total non-current liabilities</b>		<b>10,270</b>	9,345
<b>Total liabilities</b>		<b>196,704</b>	181,348
<b>NET ASSETS</b>		<b>570,088</b>	505,570
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	9,185	11,000
Reserves		560,903	494,570
<b>TOTAL EQUITY</b>		<b>570,088</b>	505,570

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 June 2024*

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Fair value through other comprehensive income ("FVTOCI") reserve HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	11,000	54,954	(222)	20,605	316,926	403,263
Profit for the period	-	-	-	-	59,523	59,523
Other comprehensive income:						
Fair value gain on debt instruments through other comprehensive income	-	-	22	-	-	22
Total comprehensive income for the period	-	-	22	-	59,523	59,545
<b>As at 30 June 2023 (unaudited)</b>	11,000	54,954	(200)	20,605	376,449	462,808
At 1 January 2024 (audited)	11,000	54,954	(201)	20,605	419,212	505,570
Profit for the period	-	-	-	-	94,552	94,552
Other comprehensive income:						
Fair value gain on debt instruments through other comprehensive income	-	-	(34)	-	-	(34)
Share repurchased and cancelled	(1,815)	(28,185)	-	-	-	(30,000)
Total comprehensive income for the period	(1,815)	(28,185)	(34)	-	94,552	64,518
<b>As at 30 June 2024 (unaudited)</b>	9,185	26,769	(235)	20,605	513,764	570,088

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2024*

	<b>Six months ended</b>	
	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2023 <i>HK\$'000</i> (unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(21,265)</b>	(43,729)
<b>INVESTING ACTIVITIES</b>		
Interest income on debt instruments at FVTOCI	29	29
Bank interest income	3,151	2,051
Purchase of property, plant and equipment	(45,786)	(315)
Deposits for acquisition of property, plant and equipment	(2,316)	(1,237)
Placement of pledged bank deposits	–	(265)
Withdrawal of pledged bank deposits	869	–
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(44,053)</b>	263
<b>FINANCING ACTIVITIES</b>		
New bank borrowings raised	12,326	53,652
Repayment of bank borrowings	(12,745)	(41,188)
Interest paid	(4,918)	(4,086)
Repayment of lease liabilities	(1,501)	(1,512)
Payment on repurchase of shares	(30,000)	–
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(36,838)</b>	6,866
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(102,156)</b>	(36,600)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>336,772</b>	171,354
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>234,616</b>	134,754
Represented by:		
Bank balances and cash	234,616	134,754
	<b>234,616</b>	134,754

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

### 1. GENERAL AND BASIS OF PREPARATION

Hyfusin Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as amended, supplemented or otherwise modified from time to time) of the Cayman Islands on 5 July 2017. The shares of the Company (the “**Shares**”) have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 July 2018 (the “**Listing**”). Its registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and principal place of business is located at Unit Nos. 4–8, 2/F, Aberdeen Marina Tower, 8 Shum Wan Road, Aberdeen, Hong Kong.

The Company is an investment holding company and its subsidiaries (the “**Group**”) are principally engaged in manufacturing and sale of candle products. Its parent and ultimate holding company is AVW International Limited (“**AVW**”), a private company incorporated in the British Virgin Islands. Its ultimate controlling shareholders are Mr. Wong Man Chit and Mr. Wong Wai Chit, who are brothers and act in concert over AVW and the companies now comprising the Group.

The functional currency of the Company and its subsidiaries is United States dollars (“**US\$**”) while the presentation currency of the condensed consolidated financial statements is Hong Kong dollars (“**HK\$**”) as the directors of the Company (the “**Directors**”) consider that HK\$ is preferable in presenting the operating results and financial position of the Group, which is more beneficial to the users of the consolidated financial statements.

The condensed consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the GEM Listing Rules.

The condensed consolidated financial statements of the Group have been prepared under the historical cost basis, except for certain financial instrument which have been measured at fair values.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

*For the six months ended 30 June 2024*

**2. CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual report for the year ended 31 December 2023, except for the following amendments to HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the " <b>2020 Amendments</b> ")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the " <b>2022 Amendments</b> ")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the above amendments to HKFRSs has no material impact on the Group's results and financial position for the current or prior years. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

For the six months ended 30 June 2024

**3. REVENUE AND SEGMENT INFORMATION**

**(i) Disaggregation of revenue from contracts with customers**

	<b>Six months ended</b>	
	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2023 <i>HK\$'000</i> (unaudited)
<b>Sale of candle products</b>		
Daily-use candles	<b>54,734</b>	47,009
Scented candles	<b>274,948</b>	270,209
Decorative candles	<b>8,585</b>	5,450
Others (including diffusers)	<b>67,970</b>	48,676
<b>Total</b>	<b>406,237</b>	371,344
<b>Timing of revenue recognition</b>		
At a point in time	<b>406,237</b>	371,344

The Group's market were department stores and buying agents headquartered in United States of America and United Kingdom.

The contracts for sales of goods to external customers are short-term and the contract prices are fixed and agreed with the customers.

**(ii) Performance obligations**

***Sale of candle products (revenue recognised at one point in time)***

The Group sells candle products to external customers in which the revenue is recognised when the control of the goods has transferred to the customers, being when the goods have been shipped to the external customers' specified location.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

*For the six months ended 30 June 2024*

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

(iii) **Transaction price allocated to the remaining performance obligation for contracts with customers**

All performance obligations for sale of candle products are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

**Segment information**

Information reported to the executive Directors, being the chief operating decision maker (“**CODM**”), regularly review revenue analysis by product type as set out in the revenue analysis above for the purpose of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete financial information is regularly reviewed by the CODM for the purpose of resource allocation and assessment of performance of respective businesses. The CODM reviews the operating results (excluding listing expenses) of the Group as a whole to make decisions about resource allocation and for assessment of performance. The operation of the Group constitutes one single operating and reportable segment under HKFRS 8 Operating Segments and accordingly no separate segment information is presented.

**Geographical Information**

The Group’s operations are located in Hong Kong and Vietnam.

Information about the Group’s revenue from external customers is presented based on the location of the destination points of the customers.

**Revenue from external customers**

	<b>Six months ended</b>	
	<b>30.6.2024</b> <i>HK\$’000</i> <b>(unaudited)</b>	30.6.2023 <i>HK\$’000</i> (unaudited)
United States of America	<b>393,050</b>	352,901
United Kingdom	<b>9,352</b>	17,426
Others	<b>3,835</b>	1,017
<b>Total</b>	<b>406,237</b>	371,344

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

(iii) **Transaction price allocated to the remaining performance obligation for contracts with customers (Continued)**

The information about the Group's non-current assets (excluded financial assets and deferred tax assets) is presented based on the geographical locations of the assets.

**Non-current assets**

	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2023 <i>HK\$'000</i> (audited)
Hong Kong	2,710	3,939
Vietnam	<b>186,356</b>	144,114
<b>Total</b>	<b>189,066</b>	148,053

### 4. OTHER INCOME

	<b>Six months ended</b>	
	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2023 <i>HK\$'000</i> (unaudited)
Bank interest income	<b>3,151</b>	2,051
Interest income on debt instruments at FVTOCI	<b>29</b>	29
Sundry income	<b>948</b>	8
Others	<b>2,615</b>	660
	<b>6,743</b>	2,748



**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

*For the six months ended 30 June 2024*

**5. OTHER GAINS**

	<b>Six months ended</b>	
	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2023 <i>HK\$'000</i> (unaudited)
Net foreign exchange gains (losses)	345	(375)
(Allowance of)/reversal of impairment loss on trade receivables	(975)	823
Written-off of trade receivables	(132)	–
Fair value change of financial asset at FVTPL	20	–
Gain on reversal of provision	29,714	–
	<b>28,972</b>	448

**6. FINANCE COSTS**

	<b>Six months ended</b>	
	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2023 <i>HK\$'000</i> (unaudited)
Interest on bank borrowings	4,919	4,086
Interest on lease liabilities	96	158
	<b>5,015</b>	4,244

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

### 7. INCOME TAX EXPENSE

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Current tax:</b>		
– Hong Kong Profits Tax	9,788	9,170
– Vietnam Corporate Income Tax	2,345	3,732
– Singapore Corporate Income Tax	79	214
	<b>12,212</b>	13,116
<b>Deferred taxation:</b>		
Current period	294	(73)
	<b>12,506</b>	13,043

Under the two-tier profits tax regime, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for Fleming International Limited, the subsidiary of the Company incorporated in Hong Kong, for the six months ended 30 June 2024 and 2023.

For Fleming International Vietnam Limited, the subsidiary of the Company incorporated in Vietnam, the statutory corporate tax rates are 20% for the six months ended 30 June 2024 and 2023.

For Fleming International (Singapore) Pte. Limited, the subsidiary of the Company incorporated in Singapore, the statutory corporate tax rate is 17% for the six months ended 30 June 2024 and 2023.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

*For the six months ended 30 June 2024*

**8. PROFIT BEFORE INCOME TAX EXPENSE**

Profit before income tax expense is arrived at after charging/(crediting):

	<b>Six months ended</b>	
	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2023 <i>HK\$'000</i> (unaudited)
Auditor's remuneration	<b>500</b>	500
Cost of inventories recognised as an expense	<b>238,441</b>	234,510
(Reverse of)/allowance of inventories (included in cost of sales)	<b>(1,143)</b>	1,720
Written-off of trade receivables	<b>132</b>	–
Donations	<b>–</b>	86
Depreciation of right-of-use assets	<b>1,946</b>	1,801
Less: capitalised in inventories	<b>(540)</b>	(373)
	<b>1,406</b>	1,428
Depreciation of property, plant and equipment	<b>5,143</b>	4,418
Less: capitalised in inventories	<b>(4,148)</b>	(3,536)
	<b>995</b>	882
Employee benefit expense (excluding directors' remuneration):		
– Salaries and allowances	<b>29,312</b>	26,771
– Discretionary bonus	<b>2,723</b>	8,796
– Retirement benefit scheme contribution	<b>5,598</b>	5,212
Total staff costs	<b>37,633</b>	40,779
Less: capitalised in inventories	<b>(23,886)</b>	(21,557)
	<b>13,747</b>	19,222

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

### 9. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the six months ended 30 June 2024 and 2023, disclosed pursuant to the applicable GEM Listing Rules and Hong Kong Companies Ordinance (Cap. 622), is as follows:

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Fees	270	228
Salaries and other allowances	3,600	3,600
Retirement benefits scheme contributions	18	18
Other benefits	829	991
Discretionary bonus	40,000	24,000
<b>Total</b>	<b>44,717</b>	<b>28,837</b>

### 10. DIVIDENDS

No dividends were paid, declared or proposed for the six months ended 30 June 2024 and 2023.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

### 12. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment amounting to HK\$45,786,000 (for the six months ended 30 June 2023: HK\$315,000) for the purpose of the Group's operation.

#### Six months ended 30 June 2024

	Buildings HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Yacht HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>Net book value</b>									
At 1 January 2024 (audited)	40,764	15,922	4,490	2,475	541	882	-	25,870	90,944
Additions	24,468	12,477	3,607	4,053	934	247	-	-	45,786
Transfer from construction in progress	25,870	-	-	-	-	-	-	(25,870)	-
Depreciation charge for the period	(1,046)	(2,601)	(761)	(439)	(150)	(146)	-	-	(5,143)
<b>Net book value as at 30 June 2024 (unaudited)</b>	<b>90,056</b>	<b>25,798</b>	<b>7,336</b>	<b>6,089</b>	<b>1,325</b>	<b>983</b>	<b>-</b>	<b>-</b>	<b>131,587</b>

#### Year ended 31 December 2023

	Buildings HK\$'000	Plant and machinery HK\$'000	Motor vehicles HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Yacht HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>Net book value</b>									
At 1 January 2023 (audited)	42,858	16,568	5,154	3,154	770	385	18	-	68,907
Additions	-	3,848	583	44	62	680	-	25,870	31,087
Disposals	-	(21)	-	-	-	-	-	-	(21)
Depreciation charge for the year	(2,094)	(4,473)	(1,247)	(723)	(291)	(183)	(18)	-	(9,029)
<b>Net book value as at 31 December 2023 (audited)</b>	<b>40,764</b>	<b>15,922</b>	<b>4,490</b>	<b>2,475</b>	<b>541</b>	<b>882</b>	<b>-</b>	<b>25,870</b>	<b>90,944</b>

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

*For the six months ended 30 June 2024*

**13. INVENTORIES**

	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2023 <i>HK\$'000</i> <b>(audited)</b>
Raw materials	70,184	83,371
Work in progress	7,482	1,883
Finished goods	30,533	15,870
Goods in transit	29,881	9,541
	<b>138,080</b>	110,665
Less: Allowance for inventories	<b>(7,019)</b>	(6,037)
Write off of inventories	–	(2,125)
	<b>131,061</b>	102,503

**14. TRADE AND OTHER RECEIVABLES**

	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2023 <i>HK\$'000</i> <b>(audited)</b>
Trade receivables, gross	175,980	65,683
Less: Allowance for credit losses	<b>(3,751)</b>	(2,564)
Less: Written-off of trade receivables	<b>(132)</b>	–
	<b>172,097</b>	63,119
Trade receivables, net	172,097	63,119
Deposits and prepayments	15,675	11,019
<b>Total</b>	<b>187,772</b>	74,138

As at 30 June 2024 and 31 December 2023, trade receivables from contracts with customers amounted to HK\$172,097,000 and HK\$63,119,000 respectively.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

### 14. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows credit period ranging from 30 to 180 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period:

	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2023 <i>HK\$'000</i> <b>(audited)</b>
0-30 days	<b>100,551</b>	34,947
31-60 days	<b>43,570</b>	13,453
61-90 days	<b>22,136</b>	2,221
91-180 days	<b>3,659</b>	10,694
Over 180 days	<b>2,181</b>	1,804
	<b>172,097</b>	63,119

The ageing analysis of trade receivables, net of loss allowance for credit losses, as of the end of reporting period, based on past due dates, is as follows:

	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2023 <i>HK\$'000</i> <b>(audited)</b>
Neither past due nor impaired	<b>144,154</b>	47,219
Past due over:		
1-30 days	<b>23,513</b>	9,524
31-60 days	<b>732</b>	3,630
61-90 days	<b>1,343</b>	942
91-180 days	<b>1,218</b>	1,804
Over 180 days	<b>1,137</b>	–
	<b>172,097</b>	63,119

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances and the balance are non-interest-bearing.



**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

*For the six months ended 30 June 2024*

**15. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH**

The pledged bank deposits of the Group are pledged to banks for securing bank borrowings (Note 19). The bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

**16. TRADE AND OTHER PAYABLES**

The ageing analysis of trade payables based on the invoice date at the end of the reporting period.

	<b>30.6.2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2023 <i>HK\$'000</i> (audited)
Trade payables:		
1–30 days	<b>48,175</b>	24,234
31–60 days	<b>25,100</b>	13,372
61–90 days	<b>1,366</b>	1,569
91–180 days	<b>74</b>	84
	<b>74,715</b>	39,259
Other payables	<b>14,854</b>	13,435
Accrued expenses	<b>53,327</b>	39,591
	<b>142,896</b>	92,285

The credit period on purchases of goods is 0 to 90 days.

**17. CONTRACT LIABILITIES**

The amount represented the trade deposits received from customers, which will be recognised as the Group's revenue when the control of the goods transferred to customers.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

### 18. PROVISION

	2024 HK\$'000	2023 HK\$'000
Provision	11,640	52,994

During the year ended 31 December 2023, the Group was advised by a customer in the United States about two alerts initiated by the United States Consumer Product Safety Commission, requiring the customer to recall a certain number of units of glass jar candles supplied by the Group. In December 2023, the Group has received a claim of about US\$6.8 million (equivalents to approximately HK\$52,994,000) from the customer to compensate for its commercial losses due to the recall of the products. Accordingly, the Group has made full provision of the claim as at 31 December 2023.

Reference is made to the announcement of the Company dated 2 April 2024 regarding the update of a claim (the “**Claim**”) of about US\$6.8 million (equivalent to approximately HK\$53.0 million). On 28 March 2024, the Company has finalised an agreement with the Customer for a settlement with a compensation amount of US\$3.0 million (equivalent to approximately HK\$23.3 million), payable by the Group to the Customer in four instalments, and that the Company shall be discharged from any further liability to the Customer in respect of the Claim.

As at 30 June 2024, the Group settled US\$1.5 million (equivalents to approximately HK\$11,640,000) for the Claim.

### 19. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to HK\$12,327,000 (31 December 2023: HK\$64,823,000). The bank loans carry interest at variable market rates of 6.99% to 7.28% per annum. The proceeds were used to finance the daily operation of the Group.

**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (CONTINUED)**

*For the six months ended 30 June 2024*

## 20. SHARE CAPITAL

### The Company

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<b>Authorised</b>		
At 31 December 2023 and 30 June 2024	5,000,000,000	50,000
<b>Issued and fully paid</b>		
At 31 December 2023 and 1 January 2024	1,100,000,000	11,000
Share repurchased and cancelled	(181,500,000)	(1,815)
At 30 June 2024 ( <i>note</i> )	918,500,000	9,185

*Note:* On 24 April 2024, 181,500,000 ordinary shares in the capital of the Company were repurchased at a buy-back price of HK\$0.165 per share and cancelled.

## 21. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Directors.

Key management personnel remuneration was as follow:

	Six months ended	
	30.06.2024 <i>HK\$'000</i> (unaudited)	30.06.2023 <i>HK\$'000</i> (unaudited)
Salaries, allowance and bonus	44,699	28,819
Retirement benefits scheme contributions	18	18
	44,717	28,837

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

### 22. FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value as at			Valuation technique and key inputs	Significant unobservable inputs and relationship of unobservable inputs to fair value
	30 June 2024 HK\$'000	31 December 2023 HK\$'000	Fair value hierarchy		
Debt instruments at FVTOCI	888	921	Level 3	Based on the reference prices of respective unlisted bonds provided by financial institution which is determined by using discounted cash flow with discount rate reflecting the credit risk of the issuers.	A slight increase in discount rate used would result in significant decrease in fair value measurement to the unlisted bonds investments and vice versa.
Financial asset at FVTPL	3,185	3,165	Level 3	Based on the cash surrender value in accordance with the keyman insurance contract which is not an observable input.	Higher the cash surrender value, higher the fair value of the keyman insurance contract.

Note: There were no transfers between level 1, level 2 and level 3 during the six months ended 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the manufacturing and sale of candle products with headquarters in Hong Kong and operations in Vietnam. The Group mainly manufactures and sells daily-use candles, scented candles, decorative candles and other products such as diffusers. The major customers of the Group are mostly U.S. and U.K. department store operators and buying agents.

The Group mainly manufactures candle products based on the requirements and specifications from its customers. The Group would also assess the design and specifications and put forward suggestions to its customers. The Group offers a wide variety of services to its customers ranging from product design, raw material selection and procurement, provision of sample candle before mass production, laboratory testing to recommendation to improve the product quality.

The Group targets in mid-to-high end candle products in overseas markets in different countries and regions, mainly in U.S. and U.K. markets. The candle market has an increasing preference over candle products which are scented and with colour additives. With the preference for candle products with scent and coloured additives for use in rooms and households, increasing demand for scented candle products has provided the impetus for the whole market. We are welcomed and favoured by consumers, and are therefore confident about the future business development of the Group.

The Group aims to be the competitive manufacturer among the industry, which requires the fostering of various abilities. The Group has encountered numerous challenges, such as completion of construction of new factory during the novel coronavirus pandemic spread in Vietnam, customers' orders decrease due to destocking, the sharp increase in raw materials in previous year and the claim from a customer for its voluntary recall in 2023. These challenges prompted us to further strengthen the organizational capacity to counter the challenges posed by the uncertainty of the external environment.

Our production capacity for candle products was enhanced by highly automation of the new factory that went into mass production in 2022. The Group expects the third factory will further enhance the Group's production capacity and efficiency in foreseeable future. The expansion of production capacity will contribute to our rapid development to catch up with the rapid growth of candle markets in the U.S. market.

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

The Group has continued to focus on the development of our main business and enhances production and operation. Due to the high demand in candle products, the level of customers' order hit the record high of the Group. The Group continues to improve the gross profit margin, benefiting from the lower unit price of raw materials and lower production overhead from synergy of high automation of the new factory. The Group continuously improve the liquidity position by lower the external borrowing during the high interest rate period.

The Group continues to improve our product strength, efficiency and capability in both operation and production. As a result of the improvement of these capabilities, the Group have achieved good market performance.

The analysis of product segment of the Group for the six months ended 30 June 2024 is set out in Note 3 to the condensed consolidated financial statements. The scented candles remains the best selling product of the Group during the six months ended 30 June 2024, which the sale of scented candles increased by approximately HK\$4.7 million or 1.8% as compared with the same period in 2023. It reflects the trend of preference for candle products with scent and coloured additives remains the same in the U.S. market.

In order to catch up the rapid growth of candle products especially in the U.S. market, the Group entered into the contracts with sales representatives for the sales incentive to sales representatives for the orders from customers introduced by them. The management of the Group gladly cooperates with sales representatives and expects the potential orders introduced by sales representatives in future.

Based on the well established long-term relationships with the customers and with support from our experienced management team of the Group in the industry, the Group has confidence in capturing business opportunities and growth in future.

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****FINANCIAL REVIEW****Revenue**

Revenue for the six months ended 30 June 2024 amounted to approximately HK\$406.2 million, representing an increase of approximately HK\$34.9 million or 9.4% as compared with that of approximately HK\$371.3 million for the same period in 2023.

The increase in revenue was due to the increase in sales of daily-use candles and other candles products of approximately HK\$7.7 million and HK\$19.3 million respectively for the six months ended 30 June 2024.

**Gross profit and gross profit margin**

Gross profit for the six months ended 30 June 2024 amounted to approximately HK\$167.8 million, representing an increase of approximately HK\$31.0 million or 22.7% as compared with that of approximately HK\$136.8 million for the same period in 2023.

The gross profit margin increased to approximately 41.3% for the six months ended 30 June 2024 as compared with that of 36.8% for the same period in 2023. The increase in the gross profit margin was mainly due to the decrease in the unit price of the raw materials for the six months ended 30 June 2024.

**Other income and gains**

Other income for the six months ended 30 June 2024 was approximately HK\$6.7 million, representing an increase of approximately HK\$4.0 million or 148.1% as compared to that of approximately HK\$2.7 million for the same period in 2023. The increase in other income mainly due to the increase in other income of pallets cost for approximately HK\$1.9 million and the increase in surcharge income from customers for approximately HK\$792,000.

Other gains for the six months ended 30 June 2024 amounted to approximately HK\$29.0 million, representing an increase of approximately HK\$28.6 million or 6,383.9% as compared with other gains of approximately HK\$448,000 for the same period in 2023. The increase was mainly due to the reverse of provision for the claim of the recall of approximately HK\$29.7 million.

**Selling and distribution expenses**

Selling and distribution expenses for the six months ended 30 June 2024 amounted to approximately HK\$18.7 million, representing an increase of approximately HK\$6.2 million or 49.6% as compared with that of approximately HK\$12.5 million for the same period in 2023.

The increase was mainly due to the increase in transportation and declarations expenses, and marketing and promotion expenses for approximately HK\$1.7 million and approximately HK\$5.9 million respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Administrative expenses

Administrative expenses for the six months ended 30 June 2024 amounted to approximately HK\$72.7 million, representing an increase of approximately HK\$22.0 million or 43.4% as compared with that of approximately HK\$50.7 million for the same period in 2023. The increase in administrative expenses was mainly due to the increase in salary and allowance of approximately HK\$16.9 million.

### Finance costs

Finance costs for the six months ended 30 June 2024 amounted to approximately HK\$5.0 million, representing an increase of approximately HK\$0.8 million or 19.0% as compared to that of approximately HK\$4.2 million for the same period in 2023.

The increase was mainly due to the increase in interest rate of bank borrowings for business operation.

### Profit for the period

The Group incurred net profit of approximately HK\$94.6 million for the six months ended 30 June 2024, representing an increase of approximately HK\$35.1 million or 59.0% as compared with net profit of approximately HK\$59.5 million for the same period in 2023.

Such changes were the combined effect of increase in gross profit of approximately HK\$31.0 million; increase in other gains of approximately HK\$29.0 million; and net off by the increase in administrative expenses of approximately HK\$22.0 million.

### Liquidity and Financial Resources

As at 30 June 2024, the Group had total assets of approximately HK\$766.8 million (31 December 2023: approximately HK\$686.9 million), which is financed by total liabilities of approximately HK\$196.7 million (31 December 2023: approximately HK\$181.3 million) and shareholders' equity (comprising share capital and reserves) of approximately HK\$570.1 million (31 December 2023: approximately HK\$505.6 million).

The total interest-bearing borrowings of the Group as at 30 June 2024 were approximately HK\$14.6 million (31 December 2023: approximately HK\$15.0 million), and current ratio as at 30 June 2024 was approximately 2.9 times (31 December 2023: approximately 3.0 times) which remains stable.

The Group's gearing ratio, which is calculated by dividing total debt by total equity as at the end of each of the reporting period, dropped from approximately 3.6% as at 31 December 2023 to approximately 2.9% as at 30 June 2024, primarily due to the decrease in bank borrowings.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 30 June 2024 and 31 December 2023, the Group had unutilised banking facilities of approximately HK\$100.7 million and HK\$103.6 million respectively.

The Directors are of the view that as at the date of this report, the Group's financial resources are sufficient to support its business and operations.

### Treasury Policy

The Group adopts a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position throughout the reporting period. The management of the Group regularly reviews the recoverable amount of trade receivables by performing ongoing credit assessments and monitoring prompt recovery and if necessary to make adequate impairment losses for irrecoverable amounts. In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with leading licensed banks in Hong Kong and denominated in Hong Kong dollars.

### Capital Structure

The Shares were successfully listed on GEM on 19 July 2018. During the reporting period, other than the disclosure under the section headed "Off-market Share Buy-back" in this report, there has no material change in the capital structure of the Group.

As at 30 June 2024, the Company's issued share capital was HK\$9,185,000 (31 December 2023: HK\$11,000,000) and the number of its issued ordinary shares was 918,500,000 (2023: 1,100,000,000) of HK\$0.01 each.

### Future Plans for Material Investments and Capital Assets

Save as disclosed in the prospectus of the Company dated 29 June 2018 (the "**Prospectus**") and this report, the Group did not have any plans for material investments or capital assets as of 30 June 2024.

### Pledge of Assets

As at 30 June 2024 and 31 December 2023, the Group had corporate guarantee and pledged certain assets including property, plant and equipment, right-of-use assets, debt instruments of fair value through other comprehensive income, pledged bank deposits with carrying amounts of approximately HK\$107.5 million and HK\$110.1 million respectively to secure the Group's bank loans.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Foreign Currency Exposure

The majority transactions of expenditure and bank borrowings of the Group are denominated in foreign currencies which are different from the functional currency of the Group, i.e. US dollar. The Group is mainly exposed to foreign exchange risk arising from transactions that are denominated in Hong Kong dollar and Vietnamese dong. During the six months ended 30 June 2024, the Group did not have any hedging arrangements. The Group currently does not have a foreign currency hedging policy. However, the management of the Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should the need arises. The management of the Group considers the exposure to the foreign exchange risk fluctuation for the Group is not material.

### Capital Commitments

As at 30 June 2024, the Group had capital commitments of approximately HK\$1.8 million in respect of property, plant and equipment (30 June 2023: approximately HK\$2.2 million).

### Contingent Liabilities

As at 30 June 2024, the Group did not have any contingent liabilities (30 June 2023: Nil).

### Employees and Remuneration Policies

As at 30 June 2024, the Group employed approximately 2,110 (30 June 2023: approximately 1,070) staff (including executive Directors). The total amount of employee remuneration of the Group (including Directors' remuneration) for the six months ended 30 June 2024 was approximately HK\$82.3 million (30 June 2023: approximately HK\$69.6 million).

The Company adopted the share option scheme on 7 June 2024 (the "**Share Option Scheme**") for the purpose to provide the Company with a flexible means of giving incentive and reward to employee of the Group for incentive or reward for their contribution to the Group. The Group determines the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses.

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets**

As disclosed in the announcement of the Company dated 6 July 2023 and the circular of the Company dated 26 July 2023, Fleming International Vietnam Limited, an indirect wholly-owned subsidiary of the Company, entered into (i) the construction contract at the contract price of VND135,000,000,000 (equivalent to approximately HK\$44.9 million) with the independent contractor in relation to the construction of a new factory on the land located at plot no. 56 map sheet No. 10, Amata Road, Amata Industrial Park, Long Binh Park, Bien Hoa City, Dong Nai Province, Vietnam which acquired in 2022 (the “**Land**”); and (ii) the service agreement with the independent service provider for the provision of project management and construction management services in respect of the works to be carried out by the aforesaid independent contractor on the Land at the service fee of VND3,550,500,000 (equivalent to approximately HK\$1.2 million).

The building construction work of the new factory commenced in July 2023 and completed in May 2024. For further details, please refer to the announcements of the Company dated 9 March 2022 and 6 July 2023, and the circular of the Company dated 26 July 2023.

Save as disclosed above and other than disclosed as elsewhere in this report, the Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the six months ended 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### EVENT AFTER THE END OF REPORTING PERIOD

Save as disclosed in section headed “Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets” above, there are no significant events affecting the Group after the reporting period and up to date of this report.

### DIVIDEND

The Board does not declare the payment of an interim dividend for the six months ended 30 June 2024.

### USE OF PROCEEDS

The net proceeds received by the Group from the Listing after deducting the relevant one-off and non-recurring listing expenses amounted to approximately HK\$44.5 million (based on the public offering price of HK\$0.295 per Share), which was below the estimated net proceeds of approximately HK\$50.5 million (estimated on the assumption that the public offering price would be HK\$0.32 per Share), the midpoint of the range stated in the Prospectus.

The following sets forth a summary of the allocation of the net proceeds and its utilisation as at 30 June 2024, as compared to that envisaged in the Prospectus.

#### Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as stated in the Prospectus with the Group’s actual business progress for the period from the date of Listing (i.e. 19 July 2018) to 30 June 2024 is set out below:

	Approximate amount of net proceeds HK\$ million	Approximate % of net proceeds %	Unused amount of net proceeds as at 1 January 2024 HK\$ million	Approximate actual utilised during the reporting period HK\$ million	Approximate actual utilised as at 30 June 2024 HK\$ million	Unused amount of net proceeds as at 30 June 2024 HK\$ million
Upgrade existing production facilities	6.2	13.9	6.2	-	-	6.2
Acquisition of new production facilities	18.1	40.7	-	-	18.1	-
Purchase of new machinery	9.2	20.7	-	-	9.2	-
Installation of Enterprise Resource Planning (“ERP”) systems	2.0	4.5	-	-	2.0	-
Partial repayment of bank loans	6.9	15.5	-	-	6.9	-
General working capital	2.1	4.7	-	-	2.1	-
	44.5	100.0	6.2	-	38.3	6.2

**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)****Upgrade existing production facilities**

The Group expects the renovation of existing production facilities will be scheduled in 2024.

**Acquisition of new production facility**

In 2019, the Group completed the acquisition of the new land for new production facility. In 2021, the Group's building construction of new production facility was completed and fully utilised approximately HK\$18.1 million from part of the net proceeds allocated for the new production facility.

**Acquisition of new machinery**

The Group paid approximately HK\$9.2 million for the acquisition of machineries for the increasing purchase orders from its customers.

**Installation of ERP systems**

The Group paid approximately HK\$2.0 million for the related expenses of the ERP systems for production and warehouse management and customer relationship management.

**Partial repayment of bank loans**

The Group repaid the balance of bank loans in Hong Kong and Vietnam of approximately HK\$2.9 million and repaid overdraft in Hong Kong amounting to approximately HK\$4.0 million.

Except as explained above, the Group intends to continue to apply the net proceeds received from the Listing in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

All the unutilised balances of net proceeds have been placed in licensed banks for short-term deposits.

The Directors are not aware of any material change to the planned use of proceeds as at the date of this report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") held by the Directors and chief executives of the Company (the "Chief Executives") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

#### Long position in ordinary Shares

Name of Directors	Nature of interests	Numbers of Shares held	Approximate % of the total number of Shares in issue
Mr. Wong Wai Chit <i>(Notes 1 &amp; 2)</i>	Interest in controlled corporation	643,500,000	70.1%
Mr. Wong Man Chit <i>(Notes 1 &amp; 3)</i>	Interest in controlled corporation	643,500,000	70.1%

#### Notes:

- These 643,500,000 Shares are held by AVW International Limited ("AVW"), which is beneficially owned as to 50% by Mr. Wong Wai Chit and 50% by Mr. Wong Man Chit. Each of Mr. Wong Wai Chit and Mr. Wong Man Chit is deemed to be interested in the same number of Shares in which AVW is interested under the SFO.
- Ms. long Man Lai is the spouse of Mr. Wong Wai Chit. Ms. long Man Lai is deemed to be interested in the same number of Shares in which Mr. Wong Wai Chit is interested by virtue of the SFO.
- Ms. Tse Sheung is the spouse of Mr. Wong Man Chit. Ms. Tse Sheung is deemed to be interested in the same number of Shares in which Mr. Wong Man Chit is interested by virtue of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 30 June 2024, none of the Directors or Chief Executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURE" and "SHARE OPTION SCHEME" in this report, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

### DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors nor their respective close associates had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 June 2024.

### OFF-MARKET SHARE BUY-BACK

On 20 February 2024, the Company entered into the Share Buy-back Agreement (the "**Agreement**") with Vibes Enterprises Company Limited (the "**Vendor**"), a substantial shareholder of the Company prior to the completion of Share Buy-back, pursuant to which, the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell all the 181,500,000 Shares held by the Vendor (the "**Buy-back Shares**") as the date of the Agreement, at the Buy-back Price of HK\$30,000,000, equivalent to approximately HK\$0.165 per Buy-back Share.

After the completion of the Share Buy-back in accordance with the terms and conditions of the Agreement on 24 April 2024, the Buy-back Shares had cancelled and all rights attaching thereto had ceased with immediate effect. The total number of issued Shares reduced from 1,100,000,000 Shares to 918,500,000 Shares.

### SUBSTANTIAL SHAREHOLDERS IN THE SHARES

So far as the Directors and the Chief Executives are aware, as at 30 June 2024, other than the Directors and the Chief Executives, the following persons will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

**CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)****Long position in ordinary Shares**

<b>Name of shareholders</b>	<b>Nature of interests</b>	<b>Number of Shares held</b>	<b>Approximate % of the total number of Shares in issue</b>
AVW <i>(Note 1)</i>	Beneficial owner	643,500,000	70.1%
Ms. long Man Lai <i>(Notes 1 &amp; 2)</i>	Interest of spouse	643,500,000	70.1%
Ms. Tse Sheung <i>(Notes 1 &amp; 3)</i>	Interest of spouse	643,500,000	70.1%

*Notes:*

1. AVW is beneficially owned as to 50% by Mr. Wong Wai Chit and 50% by Mr. Wong Man Chit, executive directors of the Company. Each of Mr. Wong Wai Chit and Mr. Wong Man Chit is deemed to be interested in the same number of Shares in which AVW is interested under the SFO.
2. Ms. long Man Lai is the spouse of Mr. Wong Wai Chit. Ms. long Man Lai is deemed to be interested in the same number of Shares in which Mr. Wong Wai Chit is interested by virtue of the SFO.
3. Ms. Tse Sheung is the spouse of Mr. Wong Man Chit. Ms. Tse Sheung is deemed to be interested in the same number of Shares in which Mr. Wong Man Chit is interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

**SHARE OPTION SCHEME**

The previous share option scheme of the Company adopted on 23 June 2018 and terminated on 7 June 2024. As at 30 June 2024 and up to date of this report, there is no option granted and outstanding under the previous share option scheme of the Company, nor Shares that had been granted under the previous share option scheme of the Company.



**CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)**

The Company adopted the Share Option Scheme on 7 June 2024 (the “**Adoption Date**”) for the purpose of providing employee participants, related entity participants and service providers (excluding the independent non-executive Directors) (the “**Eligible Participants**”) with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and its shareholders (the “**Shareholders**”) as a whole, as well as to motivate Eligible Participants to contribute to the success of the Group’s operations. The Share Option Scheme provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.

Under the Share Option Scheme, the Board may make an offer to the Eligible Participants. The total number of Shares which may be issued upon exercise of all options and awards which may be granted under the Share Option Scheme and any other share scheme(s) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval by the Shareholders on 7 June 2024 (the “**Scheme Mandate Limit**”). Subject to the above, within the Scheme Mandate Limit, the total number of Shares which may be allotted and issued upon exercise of all options and awards to be granted under the Share Option Scheme and any other share schemes to the service providers must not in aggregate exceed 10% of the Scheme Mandate Limit (the “**Service Provider Sublimit**”). The Company may refresh the Scheme Mandate Limit (and the Service Provider Sublimit) at any time by obtaining approval of the Shareholders in general meeting after three (3) years from the Adoption Date or the date of the Shareholders’ approval for the last refreshment.

Unless approved by the Shareholders at the general meeting, the total number of Shares issued and to be issued upon exercise of the options and awards granted and to be granted pursuant to the Share Option Scheme and any other share schemes of the Group to each Eligible Participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant of the options and awards must not exceed 1% of the Shares in issue.

The maximum number of Shares which may be issued upon exercise of all options and awards to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 91,850,000, representing 10% of the total number of Shares in issue on the Adoption Date and the date of this report unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme provided that options and awards lapsed in accordance with the terms of the Share Option Scheme or any other share schemes of the Group will not be counted for the purpose of calculating 10% limit. As at the Adoption Date, 30 June 2024 and the date of this report, (i) the maximum number of Shares which may be issued upon exercise of all options and awards to be granted under the Scheme Mandate Limit must not exceed 91,850,000, representing 10% of the total number of Shares in issue on the Adoption Date; and (ii) to be granted under the Service Provider Sublimit must not exceed 9,185,000, representing 10% of the Scheme Mandate Limit on the Adoption Date.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

Details of the principle terms of the Share Option Scheme are set out in the Appendix II of the circular of the Company dated 29 April 2024. The principle terms of the Share Option Scheme are summarized as below.

The Share Option Scheme remain in force for a period of ten (10) years commencing from 7 June 2024 and remains in force until 6 June 2034. The Company may, by ordinary resolution in general meeting or, such date as the Board determined, terminate the Share Option Scheme at any time without prejudice to the exercise of options and awards granted prior to such termination.

The exercise price per Share in respect of any option granted shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

1. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant;
2. the average closing price of the Share as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) business days immediately preceding the date of grant; and
3. the nominal value of a Share on the date of grant.

Upon acceptance of the options, the Eligible Participant shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within the date as specified in the offer letter (which shall not be later than 21 days from, and inclusive of, the date of offer) issued by the Company. The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years commencing on the date of grant and expiring on the last day of such 10-year period subject to the provisions for early termination as contained in the Share Option Scheme. The vesting period of options granted under the Share Option Scheme shall not be less than 12 months and the options granted to employee participants may be subject to a shorter vesting period under any one of the circumstances under the rules of the Share Option Scheme and as deemed appropriate at the sole discretion of the Board or the remuneration committee of the Company. No option and award were granted under the Share Option Scheme since the Adoption Date.

## COMPETING INTERESTS

For the six months ended 30 June 2024, none of the Directors, the substantial shareholders or controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

### COMPLIANCE ADVISER'S INTERESTS

As at the date of this report, save and except for (i) the participation of TC Capital International Limited (“**TC Capital**”) as the sponsor in relation to the Listing; and (ii) acting as the compliance adviser of the Company; neither TC Capital nor its directors, employees or close associates had any interests in the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the “**Required Standard of Dealings**”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings for the six months ended 30 June 2024. No incident of non-compliance was noted by the Company for the six months ended 30 June 2024.

### PURCHASE, SALE OR REDEMPTION OF SHARES

As at 30 June 2024, there is no treasury shares held by the Company.

Other than the disclosure under the section headed “Off-market Share Buy-back” in this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the reporting period and up to the date of this report.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieve high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix C1 to the GEM Listing Rules (the “**CG Code**”). During the six months ended 30 June 2024, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

### DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

There has been no change of information of each Director that is required to be disclosed under Rule 17.50A(1) of the GEM Listing Rules since the publication of the annual report of the Company for the year ended 31 December 2023.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

### AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Cheong Tat. The other members are Mr. Chu Kin Wang, Peleus and Mr. Ho Chi Wai. The primary duties of the Audit Committee are to review and supervise the Company’s financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. All members of the Audit Committee are appointed by the Board.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2024 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

### REVIEW OF THIS REPORT

This report for the six months ended 30 June 2024 has not been audited, but has been reviewed by the Audit Committee.

As at the date of this report, the Directors are:

#### EXECUTIVE DIRECTORS

Mr. Wong Wai Chit (*Chairman*)

Mr. Wong Man Chit (*Chief Executive Officer*)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cheong Tat

Mr. Ho Chi Wai

Mr. Chu Kin Wang, Peleus

Hong Kong, 16 August 2024